

# South Carolina Board of Economic Advisors

## Statement of Estimated State Revenue Impact

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**Date:** April 15, 2008

**Bill Number:** S.B. 1210

**Author:** Leatherman

**Committee Requesting Impact:** Senate Agriculture and Natural Resources Committee

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### Bill Summary

A bill to amend Section 49-29-230(4) of the 1976 code, relating to scenic rivers, to expand the portion of Lynches River that is designated as a scenic river.

### REVENUE IMPACT <sup>1/</sup>

This bill is expected to reduce state General Fund income tax revenue by an estimated \$10,255 in FY2008-09, and may also result in the loss of an estimated \$10,000 in local property tax revenue in FY2008-09.

### Explanation

This bill would amend Section 49-29-230(4) designating a portion of the Lynches River as a scenic river. Currently, eight rivers have been designated as scenic rivers under the Department of Natural Resources, "South Carolina Scenic Act of 1989". This will allow landowners who donate perpetual easements to the state in this area a Scenic Rivers nonrefundable tax credit against state income tax equal to the fair market value of the easement granted. The State may receive consent directly from the legislative delegation from the region where the scenic river is located before entering into agreements to purchase or exchange land along a scenic river. According to Section 49-29-100, "the value of a perpetual easement is determined as the difference between the fair market value of the total property before the land is burdened with the easement and the fair market value of the property after the easement is granted". The donor may elect to take the credit during a five-year period following the donation. After the granting of a perpetual easement, land is then exempt from all property taxes. According to the Department of Revenue, the Scenic Rivers tax credit is seldom used; however, an average of four taxpayers have claimed tax credits averaging nearly \$10,255 during the past several tax years. Based on recent experience, the addition of a portion of the Lynches River to the Scenic Rivers Program is expected to reduce state General Fund income tax revenue by an estimated \$10,255 in FY2008-09. Also, according to the Florence county auditor, the majority of the land along the Lynches River between the eastern boundary of the Lynches River County Park and the confluence with the Great Pee Dee River near Johnsonville is very remote and is assessed as private agricultural use property. The Florence county auditor has advised the BEA that the designation of a portion of the Lynches River as a scenic river may result in the loss of an estimated \$10,000 in local property tax revenue in FY2008-09.

/s/ WILLIAM C. GILLESPIE, PH.D.

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<sup>1/</sup> This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.